

Agency Proposed Budget

The following table summarizes the total executive budget proposal for the agency by year, type of expenditure, and source of funding.

| Agency Proposed Budget | | | | | | | | |
|------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|---------------------------------------|
| Budget Item | Base Budget Fiscal 2006 | PL Base Adjustment Fiscal 2008 | New Proposals Fiscal 2008 | Total Exec. Budget Fiscal 2008 | PL Base Adjustment Fiscal 2009 | New Proposals Fiscal 2009 | Total Exec. Budget Fiscal 2009 | Total Exec. Budget Fiscal 08-09 |
| FTE | 29.50 | 1.00 | 0.00 | 30.50 | 1.00 | 0.00 | 30.50 | 30.50 |
| Personal Services | 1,607,749 | 56,570 | 0 | 1,664,319 | 62,512 | 0 | 1,670,261 | 3,334,580 |
| Operating Expenses | 1,451,875 | 82,509 | 120,000 | 1,654,384 | 108,417 | 120,000 | 1,680,292 | 3,334,676 |
| Equipment | 47,398 | 5,936 | 0 | 53,334 | 9,286 | 0 | 56,684 | 110,018 |
| Grants | 531,041 | 1,055,682 | 15,000 | 1,601,723 | 330,682 | 15,000 | 876,723 | 2,478,446 |
| Total Costs | \$3,638,063 | \$1,200,697 | \$135,000 | \$4,973,760 | \$510,897 | \$135,000 | \$4,283,960 | \$9,257,720 |
| General Fund | 1,671,787 | 533,391 | 0 | 2,205,178 | 567,291 | 0 | 2,239,078 | 4,444,256 |
| State/Other Special | 1,081,518 | (1) | 135,000 | 1,216,517 | (1) | 135,000 | 1,216,517 | 2,433,034 |
| Federal Special | 884,758 | 667,307 | 0 | 1,552,065 | (56,393) | 0 | 828,365 | 2,380,430 |
| Expendable Trust | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Funds | \$3,638,063 | \$1,200,697 | \$135,000 | \$4,973,760 | \$510,897 | \$135,000 | \$4,283,960 | \$9,257,720 |

Agency Description

The Library Commission, authorized in Section 22-1-101, MCA, administers state and federal library funding to operate and maintain the state library, oversees the six library federations located throughout Montana, and develops library oriented statewide long-range planning, policy, and service coordination.

Additional responsibilities of the commission include: assisting all tax-supported libraries and local governments wishing to establish or improve libraries; maintaining an audio book library for use by Montanans unable to utilize printed materials; providing access to state publications; maintaining and providing information related to Montana's plant and animal species and habitat and comprehensive natural resources (land) information.

Agency Highlights

| State Library Commission Major Budget Highlights | |
|---|--|
| <ul style="list-style-type: none"> ◆ Total funding increases almost \$2.0 million as compared to FY 2006 base. The increase is due to: ◆ Standard base adjustments that includes biennial appropriation of grant awards ◆ New Proposals that include: <ul style="list-style-type: none"> • \$150,000 in general fund to increase support for the Natural Heritage Program • \$300,000 in general fund to expand the role of MSL as the GIS clearinghouse • \$270,00 to increase library federation support | |
| State Library Commission Major LFD Issues | |
| <ul style="list-style-type: none"> ◆ NRIS funding | |

Agency Discussion

Goals and Objectives

State law requires agency and program goals and objectives to be specific and quantifiable to enable the legislature to establish appropriations policy. As part of its appropriations deliberations the legislature may wish to review the following:

- Goals, objectives and year-to-date outcomes from the 2007 biennium
- Goals and objectives and their correlation to the 2009 biennium budget request

The Library Commission provides resources to support the information needs of state agency management and staff, Montana libraries, and the public. Specialized information systems maintained and operated by the agency include State of Montana publications and natural resource information included on the Natural Resource Information System (NRIS). Information about the unique plants and animals of Montana (Natural Heritage Program) is included as a subprogram of NRIS.

Funding

The following table shows program funding, by source, for the base year and for the 2009 biennium as recommended by the executive.

| Program Funding Table Statewide Library Resour | | | | | | |
|---|---------------------------------|---------------------|----------------------|---------------------|------------------------|------------------------|
| Program Funding | | Base FY 2006 | % of Base FY 2006 | Budget FY 2008 | % of Budget FY 2008 | Budget FY 2009 |
| | | | | | | % of Budget FY 2009 |
| 01000 | Total General Fund | \$ 1,671,787 | 46.0% | \$ 2,205,178 | 44.3% | \$ 2,239,078 |
| | 01100 General Fund | 1,671,787 | 46.0% | 2,205,178 | 44.3% | 2,239,078 |
| 02000 | Total State Special Funds | 1,081,518 | 29.7% | 1,216,517 | 24.5% | 1,216,517 |
| | 02026 Nris State Special | 253,570 | 7.0% | 253,570 | 5.1% | 253,570 |
| | 02340 Coal Sev. Tax Shared Ssr | 436,511 | 12.0% | 571,511 | 11.5% | 571,511 |
| | 02458 Reclamation & Development | 391,437 | 10.8% | 391,436 | 7.9% | 391,436 |
| 03000 | Total Federal Special Funds | 884,758 | 24.3% | 1,552,065 | 31.2% | 828,365 |
| | 03018 Library Commission | 854,758 | 23.5% | 1,522,065 | 30.6% | 798,365 |
| | 03930 Nris Federal Funds | 30,000 | 0.8% | 30,000 | 0.6% | 30,000 |
| Grand Total | | <u>\$ 3,638,063</u> | <u>100.0%</u> | <u>\$ 4,973,760</u> | <u>100.0%</u> | <u>\$ 4,283,960</u> |
| | | | | | | <u>100.0%</u> |

The Library Commission is funded through a combination of general fund, state special revenue, and federal special revenue. General fund supports the interlibrary loan reimbursement program, state aid to libraries throughout Montana, NRIS, and general operations. In terms of personal services, general fund supports all positions funded through HB 2 to some degree. The amount of support ranges from 20 percent to 100 percent of the personal services costs. The remaining personal services are offset by either federal funds or state special revenue funds.

State special revenue includes funding from the following sources:

- Coal severance tax shared account partially funds general operations, the periodic database, and library federation grants and support that assist local libraries in providing basic services
- Reclamation and development grants from the Resource Indemnity Trust (RIT) partially fund the Natural Heritage program, NRIS, and the water information system
- Assessments from the departments of Fish, Wildlife, and Parks, Transportation, Natural Resources and Conservation, Environmental Quality, and the Montana University System partially fund NRIS core services.

Federal funds support library services through Library Services and Technology Act (LSTA) grant funds. Grants are received each year, but can be spent over a two federal year period. Federal years begin in October rather than July, as a result a LSTA grant received in FY 2007 can be spent in FY 2007, FY 2008, and for the first 3 months of FY 2009. Previous legislatures have appropriated LSTA funds as a biennial appropriation to align the funding with the expenditures in the first year. Figure 1 illustrates these changes for the current biennium.

Figure 1
Montana Library Commission
LSTA Funding

| | 2006 Base Budget | Adjustment for 2008 LSTA Grant | Adjustment for 2009 LSTA Grant |
|-------------|------------------------|--------------------------------------|--------------------------------------|
| Total Costs | \$492,961 | \$632,039 | (\$92,961) |

Figure 1 shows, the amount of LSTA funds remaining in FY 2006 and FY 2007 and the total amount of the FY 2008 allotment are included in the FY 2008 grant amounts. The funds appropriated in FY 2009 are the estimated FY 2009 LSTA award amount only.

Biennium Budget Comparison

The following table compares the executive budget request in the 2009 biennium with the 2007 biennium by type of expenditure and source of funding. The 2007 biennium consists of actual FY 2006 expenditures and FY 2007 appropriations.

| Biennium Budget Comparison | | | | | | | | |
|----------------------------|-------------------------------|---------------------------------|--------------------------------------|-------------------------------|---------------------------------|--------------------------------------|-----------------------------------|---------------------------------------|
| Budget Item | Present Law Fiscal 2008 | New Proposals Fiscal 2008 | Total Exec. Budget Fiscal 2008 | Present Law Fiscal 2009 | New Proposals Fiscal 2009 | Total Exec. Budget Fiscal 2009 | Total Biennium Fiscal 06-07 | Total Exec. Budget Fiscal 08-09 |
| FTE | 30.50 | 0.00 | 30.50 | 30.50 | 0.00 | 30.50 | 29.50 | 30.50 |
| Personal Services | 1,664,319 | 0 | 1,664,319 | 1,670,261 | 0 | 1,670,261 | 3,038,133 | 3,334,580 |
| Operating Expenses | 1,534,384 | 120,000 | 1,654,384 | 1,560,292 | 120,000 | 1,680,292 | 2,745,583 | 3,334,676 |
| Equipment | 53,334 | 0 | 53,334 | 56,684 | 0 | 56,684 | 127,583 | 110,018 |
| Grants | 1,586,723 | 15,000 | 1,601,723 | 861,723 | 15,000 | 876,723 | 1,655,529 | 2,478,446 |
| Total Costs | \$4,838,760 | \$135,000 | \$4,973,760 | \$4,148,960 | \$135,000 | \$4,283,960 | \$7,566,828 | \$9,257,720 |
| General Fund | 2,205,178 | 0 | 2,205,178 | 2,239,078 | 0 | 2,239,078 | 3,441,709 | 4,444,256 |
| State/Other Special | 1,081,517 | 135,000 | 1,216,517 | 1,081,517 | 135,000 | 1,216,517 | 2,163,728 | 2,433,034 |
| Federal Special | 1,552,065 | 0 | 1,552,065 | 828,365 | 0 | 828,365 | 1,961,391 | 2,380,430 |
| Expendable Trust | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Funds | \$4,838,760 | \$135,000 | \$4,973,760 | \$4,148,960 | \$135,000 | \$4,283,960 | \$7,566,828 | \$9,257,720 |

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the Governor. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

| Present Law Adjustments | | | | | | | | | | |
|---|------|--------------|---------------|-----------------|-------------|-----------------------|--------------|---------------|-----------------|-------------|
| -----Fiscal 2008----- | | | | | | -----Fiscal 2009----- | | | | |
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| Personal Services | | | | | 60,667 | | | | | 66,471 |
| Vacancy Savings | | | | | (66,737) | | | | | (66,972) |
| Inflation/Deflation | | | | | 5,578 | | | | | 5,861 |
| Inflation/Deflation | | | | | 5,936 | | | | | 9,286 |
| Fixed Costs | | | | | 48,452 | | | | | 74,481 |
| Total Statewide Present Law Adjustments | | | | | \$53,896 | | | | | \$89,127 |
| DP 1 - GIS Portal | 1.00 | 150,000 | 0 | 0 | 150,000 | 1.00 | 150,000 | 0 | 0 | 150,000 |
| DP 2 - Natural Heritage Program | 0.00 | 75,000 | 0 | 0 | 75,000 | 0.00 | 75,000 | 0 | 0 | 75,000 |
| DP 4 - Standard Cost Adjustments | 0.00 | 5,550 | 0 | 0 | 5,550 | 0.00 | 5,550 | 0 | 0 | 5,550 |
| DP 5 - LSTA Grants | 0.00 | 0 | 0 | 916,251 | 916,251 | 0.00 | 0 | 0 | 191,220 | 191,220 |
| Total Other Present Law Adjustments | | | | | | | | | | |
| | 1.00 | \$230,550 | \$0 | \$916,251 | \$1,146,801 | 1.00 | \$230,550 | \$0 | \$191,220 | \$421,770 |
| Grand Total All Present Law Adjustments | | | | | \$1,200,697 | | | | | \$510,897 |

**LFD
COMMENT**

In FY 2006, personal services increased \$250,000 over the FY 2006 personal services budget request of \$1,309,000. A portion of the increase resulted from conversion to the broad band pay plan.

In the 2009 biennium, the annual statewide present law adjustment for personal services of \$345,291 is a 21 percent increase over the personal services base. About \$125,000 of the increase is related to the pay plan approved by the 2005 Legislature. About \$165,000 is attributable to restoring funding for base year vacancies. The remaining funding relates to a combination of salary or pay grade adjustments not funded in the pay plan and to increases in employee benefits.

Each biennium the federal LSTA grant fund expenditures for modified positions are removed from the personal services base and added back into the grants expenditure category. This is done due to the fluctuation of personal services supported by the federal grants from year to year. The number of personnel varies depending on grant revenues. As grant funding is utilized throughout the biennium the library submits operating change documents requesting authority to move appropriation authority back into personal services to fund salaries and benefits. This process results in a reduction of \$284,624 annually through statewide personal services present law adjustments.

DP 1 - GIS Portal - The executive recommends an increase to funding for geographic information systems (GIS) at the state library to expand the role of the Montana State Library to become the GIS clearinghouse for the state of Montana. This provides \$150,000 in each year of the 2009 biennium and 1.00 FTE to create the GIS data gateway to spatial information by state and local agencies and the public.

**LFD
COMMENT**

A GIS clearinghouse would provide a central location for state and local agencies to list GIS datasets, collect and distribute the resulting metadata about geographic information, publish collections on the information, and document data quality, characteristics and accessibility using web-based technology. The additional FTE adds .25 FTE to four current positions assigned to NRIS. These include a program manager who works with information flow from the various agencies, a computer programmer who works with cataloguing metadata, a computer programmer who manages the database for GIS programs, and a computer programmer who maintains web access for GIS users.

**LFD
ISSUE**

The decision package appears to be a new proposal to expand current services beyond what the 2005 Legislature approved for services in the base year. The legislature may wish to consider this a new proposal rather than a present law adjustment.

**LFD
ISSUE**

NRIS Funding

The Natural Resource Information System (NRIS) is a web based program housed on the library platform and made available to the public at no charge. The information is useful to engineers, biologists, developers, researchers, students, and others. NRIS currently houses information produced by 12 state agencies and 11 federal agencies. The state agencies include the departments of Commerce; Environmental Quality; Natural Resources and Conservation; Administration; Agriculture; Justice; Fish, Wildlife, and Parks; Montana Historical Society; Transportation; Montana University System; Library Commission; and Legislative Council.

NRIS services such as website management, database administration, data updates, biological information, outreach and training, user requests, network maintenance and administration, and program administration and administrative support are considered "core" services. The agency uses a combination of general fund, state agency assessments, reclamation and development grants, and coal severance taxes to fund these "core" services.

**LFD
ISSUE
CONT.**

The figure shows the number of databases each state agency maintains on NRIS and the assessment they pay to the Library Commission. As shown, some agencies are required to pay for maintaining databases on NRIS and others are not. Ten years ago the state agencies with the highest NRIS usage were assessed for a portion of their “core” services usage. The library no longer has the ability to determine state agency usage of the system. Other agency required services which are not included in the “core” services are assessed and paid separately by the requesting agency.

The executive is requesting additional general fund in this decision package to offset additional NRIS costs. The issue for legislative consideration in regards to this and the following decision package is twofold:

- Which state agencies should be assessed for maintaining databases on NRIS
- To what extent should state agencies be assessed

To more equitably distribute the costs of maintaining agency databases, assessments to agencies could be based on the number of databases each agency maintains on NRIS and the number and complexity of required updates to each. Database storage costs could be allocated based on the percentage of space utilized by each database. Changes or updates could be charged based on labor costs and a percentage of the fixed overhead costs. The additional assessments could be used to offset general fund.

The executive proposes funding the GIS portal and additional support for natural heritage programs through increased general fund support thereby reducing the percentage supported by agency assessments. If the legislature wishes to support NRIS through agency assessments, the additional costs of the GIS portal and the Natural Heritage Program should also be a part of the assessments.

The legislature may wish to consider:

- Revising the agency assessment amounts based on the number of databases and the frequency with which the information requires updating
- Revising the funding structure used to support NRIS

Additionally, as discussed above in the NRIS section, the legislature may wish to consider if funding expanded services for NRIS should be funded completely with general fund or partially offset through increased assessments to state agencies maintaining GIS databases.

Figure 2
Montana Library Commission
Stte Agencies NRIS Databases
and Assessments for NRIS

| | Databases | Annual Assessment | Percentage of Assessment |
|-------------|-----------|----------------------|-----------------------------|
| FWP | 51 | \$69,389 | 27.36% |
| DEQ | 30 | 58,928 | 23.24% |
| DNRC | 7 | 49,155 | 19.39% |
| DOA | 6 | 0 | 0.00% |
| Leg Council | 2 | 0 | 0.00% |
| Commerce | 1 | 0 | 0.00% |
| DOJ | 2 | 0 | 0.00% |
| MUS | 14 | 44,253 | 17.45% |
| MSL | 7 | 0 | 0.00% |
| MDT | 1 | 31,845 | 12.56% |
| Total | 121 | \$253,570 | 100.00% |

DP 2 - Natural Heritage Program - The executive proposes adding \$75,000 in each year of the 2009 biennium to increase support of the Natural Heritage Program to obtain, catalog, store, manage and provide access to natural resource information from state agencies and other sources, work with data producers to routinely update information, develop and manage a website providing access to information, conduct outreach and training to promote effective access and use, and respond to user requests.

**LFD
ISSUE**

The decision package appears to be a new proposal to expand current services beyond what the 2005 Legislature approved for services in the base year. The legislature may wish to consider this a new proposal rather than a present law adjustment. The LFD issue relating to this decision package is discussed above as part of DP 1.

DP 4 - Standard Cost Adjustments - The decision package reestablishes zero-based per diem for library commission members and volunteer insurance. It also includes additional funds for legal fees in the Department of Justice, which increase to \$1,700.

DP 5 - LSTA Grants - The executive recommends increasing the federal authority to spend estimated Library Services and Technology Act (LSTA) grant awards and realign the biennial appropriation of the awards into the first year of the biennium, resulting in a smaller adjustment in FY 2009.

New Proposals

| New Proposals | | | | | | | | | | |
|--|------|--------------|---------------|-----------------|-------------|-------------|--------------|---------------|-----------------|-------------|
| Program | FTE | Fiscal 2008 | | | | Fiscal 2009 | | | | |
| | | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 6 - Increase Library Federation Support | | | | | | | | | | |
| 01 | 0.00 | 0 | 135,000 | 0 | 135,000 | 0.00 | 0 | 135,000 | 0 | 135,000 |
| Total | 0.00 | \$0 | \$135,000 | \$0 | \$135,000 | 0.00 | \$0 | \$135,000 | \$0 | \$135,000 |

DP 6 - Increase Library Federation Support - Increased coal tax shared account funding of \$135,000 in each year of the 2009 biennium would provide funding to the Library Federation Program to tie revenue to projected annual expenditures of \$219,000 for the periodical database, \$56,000 for library on-line materials, and \$161,122 for federation activities. The state library's total coal severance tax shared account revenue for FY 2006 was \$436,512. This appropriation brings the total to just over \$571,500 for FY 2008 and FY 2009.

LFD COMMENT

The federation system helps library workers in Montana's rural areas to cooperatively purchase services and products, and receive continuing education. The federation also helps local libraries with development and operations. The federation provides educational sessions on general library management, and on topics relevant to Montana required library directors' certification.

LFD ISSUE

Coal Tax Shared Revenue Account Over Appropriated

The state library receives coal tax revenues through a shared state special revenue fund (15-35-108, MCA). This account receives 5.46 percent of all coal tax earnings. According to statute the funds in this account are to be allocated by the legislature for basic library services for the residents of all counties through library federations and payment of costs of participating in regional and national networking and for conservation districts and the Montana Growth Through Agriculture Act. The appropriations must be coordinated to ensure actual revenues are not over-appropriated. Because any unspent or non-appropriated balance remaining is deposited into the general fund, appropriations have a direct bearing on the general fund.

Figure 3 below shows the revenues and expenditures from this fund as proposed by the executive.

**LFD
ISSUE
CONT.**

As shown, using the estimates of the Revenue and Transportation Committee, the executive would over-appropriate revenues by \$157,780 over the 2009 biennium. The figure also illustrates that the three state agencies receive varying percentages of the total appropriation.

The legislature may wish to consider:

- Appropriating the estimated revenues to the Library Commission and the departments of Natural Resources and Agriculture
- Allocating the reductions to the appropriations by percentage of the appropriation each agency receives

Figure 3
Coal Tax Shared Revenue Account
2007 Biennium

| Component | FY 2008 | FY 2009 | Biennium | Percentage |
|---|--------------------|--------------------|--------------------|------------|
| <u>Revenues*</u> | | | | |
| 5.46 percent of Coal Tax Revenues | \$2,061,000 | \$1,975,000 | \$4,036,000 | |
| <u>Executive Budget</u> | | | | |
| Montana State Library - Statewide Library Resources | 571,511 | 571,511 | 1,143,022 | 27.26% |
| DNRC - Conservation Districts/Centralized Services | 900,779 | 900,779 | 1,801,558 | 42.96% |
| Agriculture - Growth Through Ag | 625,609 | 623,591 | 1,249,200 | 29.79% |
| Total | <u>\$2,097,899</u> | <u>\$2,095,881</u> | <u>\$4,193,780</u> | 100.00% |
| Biennial Difference - Transferred to the General Fund | | | <u>-\$157,780</u> | |

*Revenues are as estimated by the Revenue and Transportation Committee

Expenditures are as requested in the executive budget

December 7, 2006